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SUBJECT: Advancing U.S. Efforts on Water and Sanitation in
Mozambique

Reference: State 128229

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¶1. (U) The information contained in this response was
provided to Post by USAID Maputo.

Overview

¶2. (U) As of 2002, Mozambique's overall access to water
supply was 39% (40% in urban areas and 36% in rural), while
access to sanitation was 33% (33% for both urban and
rural). With a mean annual rainfall of about 800 to 1000 mm
in the coast and about 1000 to 2000 mm in the north, and
upstream rivers generating for about 54% of water sources in
the country, about 75% (14 million) of the total population
rely on ground water.

Mozambique's Need and Commitment to Water and Sanitation Issues

¶3. (U) The institutional and legal framework is coherent and
largely consistent with most middle to high income
countries. Water resources management is being
decentralized with the creation of regional water
administrations (ARAs). In the area of water supply and
sanitation, the 1995 water policy was approved and started
to implement a framework for delegated management,
attracting the private sector for utility management. Under
this framework, two new institutions were created; the water
regulatory council (CRA) which is responsible for economic
and other regulation of water sector systems that are under
the delegated management; and the investment and asset fund
for water supply (FIPAG), which has been set up as the body
that owns the assets in urban areas that are either managed
or leased by the private operators.

¶4. (U) Public expenditure in the sector is still very low
(about USD19 million = 0.3% of GDP in 2004).
Floods and droughts have a direct impact in poverty and
quality of life of the population. (Example: during floods
of 2000, about 11% of the cultivated land in four provinces
was flooded and about 490,000 people were either displaced
or trapped in flood isolated areas). However, as a sign of
the government's commitment to the sector, about 50% of the
current draft concept paper for the Millennium Challenge
Corporation is in the water sector (mostly infrastructure
development for improved access).

Opportunities to Strengthen U.S. Engagement

15. (U) Given the rate of urban population growth and the existing level of urban water coverage, it is unlikely that the Millennium Development Goal of 90% coverage would be reached within the next two decades if policy were to focus exclusively on providing household connections. Even if standpipes are an interim and not entirely satisfactory solution, nonetheless they provide a route to ensuring that almost all of the urban population has access to some form of piped water supply within a few years. In the rural areas, the government has pursued the demand-driven approach, which requires communities to make a specific request for the installation of a water source, pay a fee, and take responsibility for its maintenance. Even with this effort, about 30% of water sources are non-functional due to various reasons (mainly lack of spare parts, poor supervision of construction, or weak community management). Additionally, the per capita cost of a rural water point is about US\$50, much more costly than in neighboring countries. This is mainly due to low population density and high operational cost of the machinery used.

The Main Issues Involved in Developing the Water Sector in Mozambique

16. (U) Main issues for developing the water sector in Mozambique as identified in the country status overview are:

-- Implementation Capacity at all levels and amongst different actors to transition to the new institutional arrangements, particularly in the rural areas.

-- High dependency on off budget donor funding limits effectiveness of national strategies. While dependency will remain high in the medium term, the sector needs to address

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the number of one-off projects, and increase coordination and collaboration amongst all actors involved in the sector.

-- Developmental asymmetries or more attention given to the urban areas at the expense of the rural areas. Flows to rural areas should increase, while disbursements in the urban areas should be made in a timely manner.

-- Reliable M&E systems need to be developed and maintained in order to provide accurate and timely information to support planning and tracking of implementation.

The Millennium Challenge Corporation, Water and Sanitation

17. (U) Under the Mozambican government's Millennium Challenge Account (MCA) concept paper, one of the components is water and sanitation with an estimated budget of USD\$150,000,000 over a period of 5-years. Activities will be focused mainly in the northern provinces of Zambezia, Nampula, Niassa and Cabo Delgado. This component is subdivided into the following 4 objectives: (1) Improve and increase availability of fresh water (5 projects, including the rehabilitation of the reservoir of an urban dam); (2) Increase access to potable water and water for productive uses (23 projects which include the rehabilitation and upgrading of water systems serving municipalities and rural towns in districts and construction of water points in rural areas); (3) Provide adequate sanitation and drainage services (7 projects where sewerage and drainage networks will be rehabilitated and expanded in the target provinces, autonomous sanitation services under restructured management, according to commercial principles, will be also established); (4) Institutional development and capacity building for better project implementation and management of water sector services (activities have been considered both at project and at a more global level).

Opportunities Where Programs Could Be Integrated Into,
Leverage Off Of and/or Support Mission Programs and Efforts

18. (U) Several USAID programs are contributing to improvements of the water and sanitation sector in Mozambique, and there are also opportunities for increased contribution subject to availability of additional funding. Food security activities have enhanced sustainable water use for agriculture through improved irrigation infrastructure, use of treadle pumps and adoption of drought tolerant crops. In order to mitigate against natural disaster, USAID has also provided equipment and technical assistance to the GoM to monitor the water levels of key rivers and institute an early warning system to broadcast information in the event of a flood. Additionally, OFDA has worked with communities in drought prone areas to build small reservoirs to ensure adequate water for drinking, agriculture and household needs. Through its integrated food security program, USAID's NGO partners have also built latrines to improve sanitation practices. There is anecdotal evidence that malnutrition rates have decreased only marginally despite strong economic growth, in part due to the impact of water-borne and other diseases. Throughout USAID's Health and HIV programs, the sale of water treatment kits contributes to the reduction of water-borne diseases in children under-five and people living with HIV/AIDS. USAID's municipal governance project, which works in 5 municipalities (Chimoio, Vilankulo, Gurue, Nacala and Monapo), contains an infrastructure investment component that funds minor infrastructure projects based on community priorities. Since water has been identified as a top priority in all five target municipalities, the project is conducting and will conduct water-related activities, such as opening of boreholes and installation of water pumps. It also supports studies to identify the most effective ways to manage water distribution systems in the five municipalities.

19. (U) USAID is currently in the process of developing a Global Development Alliance (GDA) in partnership with Coca-Cola through the Community Watersheds Partnership Initiative. The project would provide access to water to neighborhoods and communities in the city of Chimoio that have never had running water before, and it complements an existing project being implemented by the Dutch to increase the water supply to the city and its surrounding communities. The activity is a prime example of USAID's efforts to leverage additional resources to invest in this

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area. Funding for the GDA project would come from two different technical programs in the USAID Mission, the local Coca-Cola Company in Mozambique, and the GDA Secretariat in USAID/Washington.

10. (U) With additional funding USAID would expand existing interventions to a wider area and would introduce more complex activities, such as support for water reticulation systems - new or rehabilitation of existing ones -- or identification of additional sources of water where current sources are insufficient. Additional investments could also be made in improving sanitation infrastructure and systems and expanding the existing water treatment kits activity to reach more people.

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